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RUEHBR/AMEMBASSY BRASILIA 0479
RUEHB/AMEMBASSY BUENOS AIRES 7692
RUEHCV/AMEMBASSY CARACAS 4738
RUEHCP/AMEMBASSY COPENHAGEN 0551
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RUEHMN/AMEMBASSY MONTEVIDEO 6360
RUEHQT/AMEMBASSY QUITO 7355
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C O N F I D E N T I A L LA PAZ 001111

SIPDIS

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TAGS: PGOV PREL KDEM PINR EAID SNAR BL

SUBJECT: CHOQUEHUANCA SAYS USAID SUSPENSION "LIMITED"

REF: A. LA PAZ 1062

1B. LA PAZ 1043

1C. LA PAZ 1027

Classified By: Charge d'Affaires James F. Creagan for
reasons 1.4 (b, d)

11. (C) Summary: Government of Bolivia Foreign Minister David Choquehuanca told CDA James Creagan July 29 that a GOB directive to suspend USAID democracy and governance programs (reflets) applied only to a limited number of democracy programs and agreed with Charge that it would be better to discuss the broader topic of USAID assistance as part of the ongoing bilateral talks. Choquehuanca agreed to sign a face-sheet amendment to allow continued anti-narcotics funding until a framework agreement is achieved, but expressed impatience at the delay in holding a second round of talks. Charge explained the difficulties in setting a date for continued discussions but affirmed USG desire to keep moving forward. End summary.

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Impact of USAID Suspension Limited
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12. (C) In his July 29 meeting with Charge, GOB Foreign Minister David Choquehuanca signaled that a July 9 letter from Planning Minister Noel Aguirre directing the suspension of all USAID Democracy and Governance programs (reflets) was more limited in scope than initially communicated. Although he did not say precisely which programs would remain suspended, he agreed with Charge's suggestion that USAID Acting Director meet with Aguirre or Vice Minister Javier Fernandez to discuss the issue in more detail. Charge then referenced certain USAID programs, such as the Integrated Justice Centers, which have been implemented at the GOB's request, and mentioned that we categorized these as public administration projects rather than democracy programs. Choquehuanca agreed. Charge suggested that the broader theme of USAID assistance could be discussed in the next round of the bilateral talks, to which Choquehuanca also assented.

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Setting a Date for Bilateral Talks
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¶3. (C) Choquehuanca reprimed earlier complaints about the slow pace of bilateral talks (reftel B) and queried the Charge about the USG's response to the GOB's proposed framework plan. Charge apologized for the deliberate pace of the interagency process but said he believed we could deliver a counterproposal by August 6 or August 7. Choquehuanca said the GOB would review the counterproposal and expressed his hope that we could soon thereafter set a date for the second round of talks. He repeatedly mentioned a desire to keep moving forward and said "if we can't solve the issues in the second round, we can return to Bolivia for a third round." Choquehuanca added that "the first round was very positive; it exceeded our expectations."

¶4. (C) Charge explained that U.S. Senate approval of Arturo Valenzuela as Assistant Secretary had been delayed, but assured the Foreign Minister this would occur in due course. He remarked that Valenzuela would likely lead the next round of bilateral talks. Choquehuanca opined somewhat approvingly that he thought Valenzuela was being punished for his comments critical of Honduras' interim government, and said he looked forward to his approval. Charge related to the Foreign Minister Valenzuela's comments to the subcommittee where Valenzuela discussed his desire to see the USG cooperate with its partners through programs of free trade, education, environmental stewardship, equality, and energy security, all of which closely mirror the GOB's stated goals.

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Anti-Narcotics Assistance
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¶5. (C) Charge discussed two pending funding issues related to anti-narcotics. First, he informed Choquehuanca that the Narcotics Affairs Section (NAS) had not received USD 1.5 million in recovered value-added taxes from 2006 and asked for the Foreign Minister's help in returning the taxes. Charge emphasized that if these funds were sent to NAS, they could be quickly reinvested in eradication efforts, thus benefiting the GOB. Second, Charge requested that the GOB sign a face sheet amendment to the prior bilateral agreement on anti-narcotics funding by September 30 in order to keep NAS financing available for GOB programs. Choquehuanca agreed on both points.

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Comment
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¶6. (C) While Choquehuanca was not specific in his discussion of the suspension of USAID programming, his tone and body language seemed to indicate a lack of significant concern. He quickly moved on to other issues and did not seem troubled by Charge's proposal to use the bilateral talks as the appropriate forum to discuss overall USAID programming. Choquehuanca was much more animated about setting a date for the next round of discussions and nodded approvingly at the news that he would soon see the USG counterproposal. Choquehuanca has twice stated that he hopes to agree on a framework plan in perhaps one or two more meetings. We believe he is under pressure from President Morales to "produce something." Embassy will attempt to set expectations for potentially longer discussions. End comment.
CREAGAN